


2012 REGULAR SESSION
ACTUARIAL NOTE SB 16

Senate Bill 16 SLS 12RS-89 Original Author: Senator Page Cortez Date: March 21, 2012 LLA Note SB 16.01 Organizations Affected: State and Statewide Retirement Systems Harbor Police Retirement System OR INCREASE FC LF EX	The Note was prepared by the Actuarial Services Department of the Office of the Legislative Auditor.  Paul T. Richmond, ASA, MAAA, EA Manager Actuarial Services
---	---

Bill Header: RETIREMENT SYSTEMS. Provides for education for trustees of certain public retirement system boards. (8/31/12)

Cost Summary:

Actuarial Cost/(Savings) to Retirement Systems and OGB	\$0
Total Five Year Fiscal Cost	
Expenditures	Increase
Revenues	\$0

Estimated Actuarial Impact:

The chart below shows the estimated increase/(decrease) in the actuarial value of benefits, if any, attributable to the proposed legislation. Note: it includes the present value cost of fiscal costs associated with benefit changes. It does **not** include present value costs associated with administration or other fiscal concerns.

	<u>Increase (Decrease) in The Actuarial Present Value</u>
<u>Actuarial Cost (Savings) to:</u>	
All Louisiana Public Retirement Systems	\$0
Other Post Retirement Benefits	\$0
Total	\$0

Estimated Fiscal Impact:

The chart below shows the estimated fiscal impact of the proposed legislation. This represents the effect on cash flows for government entities including the retirement systems and the Office of Group Benefits.

EXPENDITURES	2012-13	2013-14	2014-15	2015-16	2016-2017	5 Year Total
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Agy Self Generated	0	0	0	0	0	0
Stat Deds/Other	0	0	0	0	0	0
Federal Funds	0	0	0	0	0	0
Local Funds	Increase	Increase	Increase	Increase	Increase	Increase
Annual Total	Increase	Increase	Increase	Increase	Increase	Increase

REVENUES	2012-13	2013-14	2014-15	2015-16	2016-2017	5 Year Total
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Agy Self Generated	0	0	0	0	0	0
Stat Deds/Other	0	0	0	0	0	0
Federal Funds	0	0	0	0	0	0
Local Funds	0	0	0	0	0	0
Annual Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

2012 REGULAR SESSION
ACTUARIAL NOTE SB 16

Bill Information:

Current Law

Each board member of the state, statewide and Harbor Police retirement systems must annually satisfy the following education requirements in order to continue to serve.

Education and Training	Annual Hours Required
Investment training	8 hours
Actuarial science information education	2 hours
Education regarding system laws, rules, and regulations	1 hour
Instruction on fiduciary duty and ethics	1 hour

A new board member must satisfy the following educational requirements before being permitted to vote.

Education and Training	Annual Hours Required
Investment training	1 hour
Actuarial science information education	1 hour
Education regarding system laws, rules, and regulations	1 hour
Instruction on fiduciary duty and ethics	1 hour

Proposed Law

SB 16 changes the necessary education requirements to continue serving as a board member to the following

Education and Training	Annual Hours Required
Investment training	8 hours
Actuarial science information education	4 hours
Education regarding system laws, rules, and regulations	2 hour
Instruction on fiduciary duty and ethics	2 hour

A new board member must satisfy the following educational requirements before being permitted to vote.

Education and Training	Annual Hours Required
Investment training	1 hour
Actuarial science information education	1 hour
Education regarding system laws, rules, and regulations	1 hour
Instruction on fiduciary duty and ethics	2 hours

Implications of the Proposed Changes

The proposed law will require board members to be more knowledgeable about matters important to their service.

Cost Analysis:

Analysis of Actuarial Costs

Retirement Systems

There is no actuarial cost associated with this bill for retirement benefits.

Other Post Retirement Benefits

There is no actuarial cost associated with this bill for post-retirement benefits other than pensions.

Analysis of Fiscal Costs

Some retirement systems have reported potential increases in administrative costs for per diems and training expenses.

Actuarial Credentials:

Paul T. Richmond is the Manager of Actuarial Services for the Louisiana Legislative Auditor. He is an Enrolled Actuary, a member of the American Academy of Actuaries, a member of the Society of Actuaries and has met the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinion contained herein.

2012 REGULAR SESSION
ACTUARIAL NOTE SB 16

Dual Referral:

Senate

- ☐ 13.5.1 \geq \$100,000 Annual Fiscal Cost
- ☐ 13.5.2 \geq \$500,000 Annual Tax or Fee Change

House

- ☐ 6.8(F)(1) \geq \$500,000 Annual Fiscal Cost
- ☐ 6.8(F)(2) \geq \$100,000 Annual SGF Fiscal Cost
- ☐ 6.8(G) \geq \$500,000 Annual Tax or Fee Change